



Agenda Date: 10/05/04
Agenda Item: 2.B

State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

ENERGY

IN THE MATTER OF THE PETITION OF NUI UTILITIES)	DECISION AND ORDER
INC., D/B/A ELIZABETHTOWN GAS COMPANY TO (1))	APPROVING INTERIM
REVISE ITS PERIODIC BASIC GAS SUPPLY SERVICE)	STIPULATION FOR
RATE AND (2) REVISE ITS COMMODITY RATES FOR)	PROVISIONAL RATES
COMMERCIAL AND INDUSTRIAL AIR CONDITIONING)	DOCKET NO GR04060396
DISTRIBUTED GENERATION USES AND SEASONAL)	
DELIVERY SERVICE; AND (3) MAKE OTHER TARIFF)	
CHANGES	

(SERVICE LIST ATTACHED)

BY THE BOARD:

On June 1, 2004, NUI Utilities, Inc. d/b/a Elizabethtown Gas Company ("Elizabethtown" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking to increase its Periodic Basic Gas Supply Service rate ("BGSS-P") rate from \$0.7693 per therm after tax to \$0.8208 per therm after tax effective October 1, 2004. As proposed in the Petition the monthly bill of a typical residential customer using 100 therms would increase by \$5.15 or 4.2%

The Company's Petition also seeks an increase in (1) its commodity rates for Commercial and Industrial Air Conditioning ("CIAC") from \$0.5085 per therm after tax to \$0.6290 per therm after tax and (2) an increase in its Distributed Generation Uses and Seasonal Delivery Service ("SDS") commodity rate from \$0.0370 per dekatherm after tax to \$0.5438 per dekatherm after tax. The Company also requests that the Gas Cost Under-Recovery Adjustment ("GCUA"), approved by the Board in its March 30, 2001 Order in Docket Nos. GR00070470 and GR00070471 is authorized to remain in effect until the Company's GCUA balance is collected in full. The Company projects that such recovery will be completed in January 2005.

Cogen Technologies Linden Venture, L.P. ("Linden Cogen") has filed a motion to intervene in this proceeding. The Board has not yet acted on the Linden Cogen motion.

Public Hearings in this matter were held on August 16, 2004 in Flemington, New Jersey and August 18, 2004 in Rahway, New Jersey.

Following the review by, and subsequent negotiations among the Company, the Board Staff, and the Division of the Ratepayer Advocate (collectively "the Parties"), on August 24, 2004 the Parties entered into the attached Interim Stipulation. Among the provisions in the Stipulation is the agreement of the Parties that additional time is needed by the Parties to allow for a full and comprehensive review of the 2004 BGSS petition. In addition, the Parties recommend that, pending their review and a final determination by the Board, the Board should allow the Company a provisional increase in NUI's 1) Periodic Basic Gas Supply Service ("BGSS-P") rate from \$0.7693 per therm after tax to \$0.8208 per therm after tax; 2) Commercial and Industrial Air Conditioning ("CIAC") rates from \$0.5085 per therm after tax to \$0.6290 per therm after tax and 3) Seasonal Delivery Service ("SDS") rate from \$0.0370 per dekatherm after tax to \$0.5438 per dekatherm after tax all to be effective October 1, 2004. The Parties also agree that Petitioner should be permitted to revise the Company's Gas Cost Under-recovery Adjustment ("GCUA") surcharge amortization period so that it will continue until the deferred balance is fully recovered, regardless of whether the collection occurs prior to, or after, the previously Board approved date of November 1, 2004. The Company projects that the GCUA under-recovery balance will be fully recovered in January 2005. The Parties believe that in light of the increase to the commodity cost of gas incurred by the Company and the time needed to complete the review of this matter by the Parties and the Board, a provisional increase to Elizabethtown's rates is both reasonable and in the public interest. The proposed provisional increase would allow the Company to timely recover its gas costs while mitigating the effect on the Company's customers of any additional gas cost under-recovery. The provisional increase would also be subject to refund with interest, and final Board review and approval.

Discussion and Findings

The Board has carefully reviewed the record to date in this proceeding and the attached Interim Stipulation of the Parties. The Board FINDS that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest, and in accordance with the law, especially in light of the existing under-recovered gas cost balance at the start of the 2004-2005 winter season. The Board is cognizant of the circumstances that have contributed to gas cost under recovery in this case; in particular, the recent increase in gas costs. The Board is concerned that any further delay in adjusting the Company's BGSS rates would only exacerbate the gas cost under-recovery situation.

Accordingly, subject to the terms and conditions herein, the Board HEREBY ADOPTS the Stipulation as its own, as if fully set forth herein and HEREBY APPROVES, on a provisional basis and subject to refund with interest an increase in the Company's 1) BGSS-P rate from \$0.7693 per therm after tax, to \$0.8208 per therm, after tax; 2) SDS rate from \$0.0370 per dekatherm after tax to \$0.5438 per dekatherm after tax and 3) CIAC rates from \$0.5085 per therm after tax to \$0.6290 per therm after tax. Additionally the Board HEREBY APPROVES the extension of Elizabethtown's GCUA until such time as the GCUA under-recovery balance is collected in full.

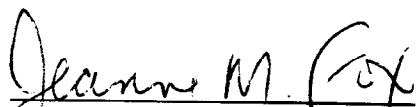
The provisional rate increase authorized herein shall be effective for service rendered on and after the date of this Order and shall be subject to refund with interest to customers on any net over-recovery, after a full review of Elizabethtown's petition.


The Board HEREBY ORDERS the Company to file tariff pages that conform to the terms and conditions of this Order within five (5) days from the date of this Order.

The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

DATED: 10/5/04

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

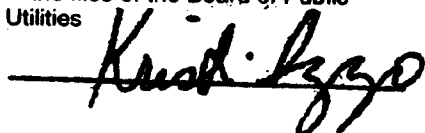

CONNIE O. HUGHES
COMMISSIONER


JACK ALTER
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



**NUI UTILITIES INC. d/b/a ELIZABETHTOWN GAS COMPANY
TO (1) REVISE ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE
(2) REVISE ITS COMMODITY RATES FOR COMMERCIAL AND INDUSTRIAL
AIR CONDITIONING AND DISTRIBUTED GENERATION USES AND
SEASONAL DELIVERY SERVICE (3) MAKE OTHER TARIFF CHANGES
BPU DOCKET NO. GR04060396**

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

-----X
In The Matter Of The Petition Of NUI Utilities Inc. :
d/b/a Elizabethtown Gas Company To (1) Revise Its :
Periodic Basic Gas Supply Service Rate; (2) Revise :
Its Commodity Rates For Commercial and Industrial :
Air Conditioning and Distributed Generation Uses :
and Seasonal Delivery Service; and (3) Make Other :
Tariff Changes :
-----X

BPU Docket No. GR04060396

**INTERIM STIPULATION
Concerning Provisional Rates**

1. On June 1, 2004, NUI Utilities, Inc. d/b/a Elizabethtown Gas Company, ("Elizabethtown" or "Company") filed a petition ("June 1 Petition") with the Board of Public Utilities ("Board" or "BPU") in BPU Docket No. GR04060396 to (1) revise its Periodic Basic Gas Supply Service ("BGSS-P") rate; (2) revise its commodity rates for Commercial and Industrial Air Conditioning ("CIAC") and Distributed Generation ("DG") Uses ("CIAC Rates") and Seasonal Delivery Service ("SDS"); and (3) make other tariff changes.

2. In its June 1 Petition, Elizabethtown proposed (1) an increase in its current BGSS-P rate from \$0.7693 per therm after tax to \$0.8208 per therm after tax, (2) an increase in its CIAC rates from \$0.5085 per therm to \$0.6290 per therm after tax, and (3) an increase in its SDS commodity rate from \$0.0370 per dekatherm to \$0.5438 per dekatherm after tax, all to become effective October 1, 2004. Elizabethtown also proposed to extend its Gas Cost Underrecovery Adjustment ("GCUA") in a manner that would permit the full recovery of the GCUA underrecovery balance. Notice setting forth the requested rate changes and of the public hearing was placed in newspapers having circulation within Elizabethtown's service territory and was served on the county executives and clerks of all municipalities within the Company's service territory. Public hearings concerning the Company's Petition took place in Flemington, New Jersey on August 16, 2004 and Rahway, New Jersey on August 18, 2004.

3. Representatives of Elizabethtown, the Board's Staff and the Division of the Ratepayer Advocate ("the Ratepayer Advocate"), the only parties to this proceeding (collectively "the Parties") at this time,¹ have met to discuss the matters at issue in this proceeding. As a result of those discussions, the Parties have determined that additional time is needed to complete the review of the Company's filing. The Parties agree that provisional price increases are reasonable in order to permit Elizabethtown to timely collect appropriate costs and avoid the development of any underrecoveries.

4. The Parties have determined and hereby **STIPULATE AND AGREE** that, pending the conclusion of any further review and discussions among the Parties and a final determination by the Board, and pursuant to *N.J.S.A. 48:2-21.1*, it would be both reasonable and in the public interest for the Board to authorize (1) an increase in Elizabethtown's BGSS-P rate to \$0.8208 per therm after tax, (2) an increase in Elizabethtown's CLAC rate to \$0.6290 per therm after tax, and (3) an increase in the SDS commodity rate to \$0.5438 per dekatherm after tax. Elizabethtown shall further be permitted to extend the GCUA until such time as the GCUA underrecovery balance is collected in full, which is expected to be by the end of January 2005. These authorizations will be implemented on a provisional basis, subject to refund with interest, and after an opportunity for a full review of the Company's filing in this proceeding, subject to final Board approval. The stipulated changes result in an overall bill increase from the BGSS-P rate currently in effect of approximately 4.18%, or \$5.15 per month, for a typical residential sales service customer using 100 therms per month. In accordance with the terms of Elizabethtown's BGSS clause, the Company has the right to seek to implement further provisional increases in its BGSS-P rate of up to 5% to be effective December 1, 2004 and February 1, 2005, respectively, if the Company determines that such increases are

¹ Cogen Technologies Linden Venture, L.P. ("Linden Cogen") has filed a motion to intervene in this proceeding. The Board has not yet acted on that motion.

necessary to permit Elizabethtown to fully recover its gas costs by September 30, 2005. The Parties request that the Board issue an order authorizing the provisional rate increases effective as of October 1, 2004, or as soon thereafter as reasonably possible.

5. The above-referenced proceeding shall be transmitted to the Office of Administrative Law for hearing and an initial decision which will be returned to the Board for final determination.

6. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event that the Board does not adopt this Stipulation in its entirety in an Order, then any Party hereto is free to pursue its then available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.

7. It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

8. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceeding. Except as expressly provided herein, neither Elizabethtown, the Board, its Staff, the Ratepayer Advocate nor any other party shall be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board of Public Utilities and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

NUI UTILITIES, INC. D/B/A
ELIZABETHTOWN GAS COMPANY

DIVISION OF THE RATEPAYER
ADVOCATE
SEEMA SINGH, DIRECTOR

By: Mary Patricia Keefe (KTM) By: _____
Mary Patricia Keefe
Vice President, General Counsel,
And Secretary

STAFF OF THE BOARD OF PUBLIC
UTILITIES

By: _____
Peter C. Harvey
Attorney General of New Jersey

By: _____

Dated: 8/24/04

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ELIZABETHTOWN GAS COMPANY

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STAFF OF THE BOARD OF PUBLIC
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By: _____
Peter C. Harvey
Attorney General of New Jersey

By: Cristina N. Patel
Cristina N. Patel
Deputy Attorney General

Dated: 8/24/04

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NUI UTILITIES, INC. D/B/A
ELIZABETHTOWN GAS COMPANY

DIVISION OF THE RATEPAYER
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SEEMA SINGH, DIRECTOR

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Mary Patricia Keefe
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Attorney General of New Jersey

By: Cristina N. Patel
Cristina N. Patel
Deputy Attorney General

Dated: 8/24/04

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